

Alabama Enterprise Zone Program

2016 Annual Report



Robert Bentley, Governor

Jim Byard, Jr., Director
Alabama Department of Economic and
Community Affairs

OFFICE OF THE GOVERNOR

ROBERT BENTLEY
GOVERNOR



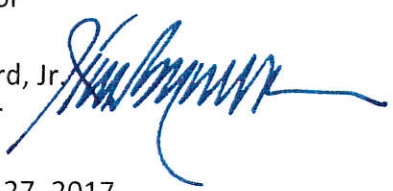
STATE OF ALABAMA

ALABAMA DEPARTMENT OF ECONOMIC
AND COMMUNITY AFFAIRS

JIM BYARD, JR.
DIRECTOR

MEMORANDUM

TO: The Honorable Robert Bentley
Governor

FROM: Jim Byard, Jr. 
Director

DATE: January 27, 2017

RE: Alabama Enterprise Zone Program 2016 Annual Report

Please find attached the 2016 Alabama Enterprise Zone Annual Report for your review. The Alabama Enterprise Zone Act (No. 87-573) was signed into law on July 22, 1987. The purpose of this act is to stimulate business and industrial growth in depressed areas of the state. In accordance with legislative requirements, this report shows the response of the business communities regarding the program benefits during the 2016 calendar year, as well as cumulative and administrative activities.

Should you have any questions pertaining to this report or the Alabama Enterprise Zone Program, do not hesitate to contact Shabbir Olia, Division Chief, Community and Economic Development (334)242-5468.

JB:SAO:SR

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I. Introduction

Since 1987, the Alabama Enterprise Zone Program (Act No. 87-573) has been an economic development/jobs creation program made available to three (3) cities, and twenty-five (25) counties located throughout the State. The program provides for either State tax credits or tax exemptions to eligible businesses located within these zones. The available credit/exemption is dependent upon the company's capital investments, individuals employed, or training provided by the company to its employees. The Alabama Department of Economic and Community Affairs (ADECA) coordinates administration, marketing, outreach, certification, and public relations for the program. ADECA is required to provide a detailed annual report to the Alabama Legislature. This report provides an analysis of the program and information about job creation, capital investment within the zones, amount of tax dollars forfeited, and costs to the State per job created within the zones during the program year. Alabama's Enterprise Zones were located in the following cities and counties through September 30, 2016:

City of Birmingham	Lawrence County
City of Montgomery	Lowndes County
City of Prichard	Macon County
Barbour County	Mobile County
Bullock County	Monroe County
Butler County	Perry County
Cherokee County	Pickens County
Clarke County	Pike County
Clay County	Randolph County
Covington County	Russell County
Dallas County	Sumter County
Escambia County	Talladega County
Etowah County	Tallapoosa County
Jackson County	Wilcox County

As of October 1, 2016, the definition of an Enterprise Zone changed. The Alabama Jobs Act, #2016-321, (The Act), states the definition of an Enterprise Zone should be that as described by Section 40-18-376.1(a), Code of Alabama, 1975. Per this Section, an Enterprise Zone means any Alabama county that has a population of 25,000 or less. The population is determined by the Commissioner of Labor as of each January 1, using the most current data available from the United States Departments of Labor or Commerce, the United States Bureau of the Census, or any other federal or state agency or department. Notwithstanding any other agreement or law to the contrary, any eligible businesses that received an approved application from the department prior to October 1, 2016, shall continue to receive those exemptions for the period of time specified in those agreements (The Act).

As determined by the Act, the following twenty-five counties now qualify as Enterprise Zones:

Bibb County	Lamar County
Bullock County	Lowndes County
Butler County	Macon County
Choctaw County	Marengo County
Clay County	Monroe County
Cleburne County	Perry County
Conecuh County	Pickens County
Coosa County	Randolph County
Crenshaw County	Sumter County
Fayette County	Washington County
Greene County	Wilcox County
Hale County	Winston County
Henry County	

There are no longer designated areas in the counties that qualify as an enterprise zone. With the passage of the Act, the entire county is an enterprise zone. As of October 1,

2016 the enterprise program lost 21 enterprise zones, retained 7, and gained 18 new enterprise zones. See lists above and on page 3.

II. 2016 Alabama Enterprise Zone Program Activities

In 2016, ADECA received 158 requests for information about the program and tax incentives. However, not all of these requests translated to applications or endorsements. Most of these requests were from tax firms seeking location verification to claim tax credits for industries located within the enterprise zones.

A number of county/city officials and program coordinators requested technical assistance and information regarding expansion of their old zones to recruit prospective industries. There was one expansion for program year 2016.

Company Endorsements

One application was received in 2016. The application was preapproved and additional documentation was requested. However, the required documentation was not received. Therefore, no endorsement was granted.

III. Cumulative Enterprise Zone Data (Calendar Years 1988-2016)

The following chart depicts the number of companies that have received endorsement by local governing authorities for participation in Alabama's Enterprise Zone Program since 1988. The figures also reflect cumulative program activities that include the total jobs created and capital investments. It should be noted that these figures are based on information received from the Alabama Department of Revenue, participant companies, and local zone coordinators. In certain cases, the figures may be estimates.

CITY/COUNTY	NUMBER OF COMPANIES	TOTAL JOBS CREATED	CAPITAL INVESTMENT
Birmingham	67	4,601	213,151,920
Montgomery	9	2,270	145,400,000
Butler	13	1,356	47,160,000
Cherokee	1	136	20,113,190
Covington	8	1,245	41,000,000
Dallas	28	1,042	352,907,000
Escambia	1	500	10,000,000
Etowah	18	2,308	162,156,589
Jackson	9	1,202	430,675,592
Lowndes	1	129	561,760
Mobile	4	1,183	21,321,000
Monroe	2	63	3,002,312
Pickens	3	100	12,246,630
Pike	10	1,639	17,869,067
Randolph	5	548	20,028,910
Russell	7	478	108,770,000
Sumter	5	164	22,200,000
Talladega	16	1,144	49,000,300
Tallapoosa	2	50	524,900,000
TOTALS (SINCE PROGRAM'S INCEPTION)	209	20,158	\$2,450,928,141

IV. Economic Impact of Alabama's Enterprise Zone Program

Companies locating or expanding within Alabama's Enterprise Zones during the 2016 calendar year have produced the following economic impacts because of their business activities.

Total Capital Investment in 2016: 0

Number of Jobs Created in 2016: 0

Taxes Exempted Through the Program in 2016: 0

Based on records to date, there have been zero tax benefits claimed during the 2016 calendar year.

V. Conclusion

Participation in the Alabama Enterprise Zone Program decreased during the 2016 program year, thus limiting progress toward achieving the legislative goals of revitalizing distressed areas and increasing employment of area residents. It is expected that the recent changes in legislation together with ADECA's assistance will help to improve the economic growth in these counties. This will allow the Alabama Enterprise Zone Program to become a stronger economic development tool for Alabama's counties designated as enterprise zones.